

# Thoughts on the Relevance of Nonprofit Management Curricula

by Judith L. Millesen, PhD

Nonprofit management education is not evolving fast enough to keep up with the rapid changes in the sector, lacking attention to the broader context in which the management skills programs might be deployed. Here the author outlines five key ideas for properly preparing the next generation of nonprofit leadership.

*We live in a time of massive institutional failure, collectively creating results that nobody wants. Climate change. AIDS. Hunger. Poverty. Violence. Terrorism. Destruction of communities, nature, life—the foundations of our social, economic, ecological, and spiritual well-being. This time calls for a new consciousness and a new collective leadership capacity to meet challenges in a more conscious, intentional, and strategic way. The development of such a capacity would allow us to create a future of greater possibilities.*

Otto Scharmer<sup>1</sup>

**W**HAT IS THE STATE OF NONPROFIT management education today? From the ways we establish community value to a renewed emphasis on networking and an expanded menu of organizational designs (among other things), how we work in the sector is changing at a faster pace than ever.

In an effort to establish how curricula are, or are not, keeping up with the changes, I interviewed nine practitioners with extensive experience in the sector: Phil Cass, CEO of the Columbus Medical Association and Foundation; Deborah Frieze, former copresident of the Berkana Institute; Hildy Gottlieb, cofounder of Creating the Future; Mark Kramer, founder and managing director of FSG Social Impact Advisors; Heather McLeod-Grant, principal of McLeod-Grant advisors and coauthor of *Forces for Good: The Six Practices of High-Impact Nonprofits*; Allen Proctor, consultant and founder of Proctor's Linking Mission to Money; William Trueheart, president and CEO of Achieving the Dream; Katherine Tyler Scott, managing partner of Ki ThoughtBridge; and Peter York, CEO, Founder and Chief Idea Guy at Algorhythm.

Generally speaking, the group seemed somewhat disappointed with the current state of nonprofit management education, at least in its attention to a rapidly changing context. As one

interviewee—Hildy Gottlieb—offered, “Having degree programs in management as an end unto itself reinforces the notion that all that matters is means, with the assumption that somehow, if you have strong means, the ends will magically take care of themselves.” Peter York posited that, increasingly, nonprofit organizations don’t control the market on social change, and predicted that there will be quite an amalgamation of private and nonprofit businesses all competing to address social issues. In his opinion, “People are talking about impact investing, and they don’t care if you are for-profit or nonprofit as long as you demonstrate impact.” Although the group recognized that many graduates are entering the workplace with useful technical skills—from project management to budgeting and finance—they collectively articulated concerns that today’s programs lack attention to the broader context in which these skills might be deployed to improve conditions in communities and accomplish real change.

## Five Key Ideas

*Most of the nonprofit leaders I know, and that represents a fairly sizable group, have not gone through programs that have anticipated the radical changes that we are facing in many dimensions of our work today. And I am not just talking about the severe cutbacks to resources by public entities and the decline of resources available to nonprofits because of a bad economy; I am talking about the anticipation of radical changes in the demands of our local, regional, state, national, and international economies to have differently educated individuals who can function in a global economy.*

William Trueheart

When interviewees were asked what a program might look like if they had the freedom to create a learning experience that would properly prepare people for a career in nonprofit leadership, their answers were clustered around five key ideas. *First, leaders need to understand how to establish an organization's community value.* In order to garner the support needed for survival, the community needs to understand and embrace “how the organization contributes to the common good; how it creates a net community benefit.” *Second, our programs must teach students how change happens.* Students need to look to the future so that attention and resources are focused on the outcomes that must be achieved. *Third, students need to learn how to work collaboratively and collectively as part of a group.* Effectively addressing complex social problems requires a multisectoral coordinated response. *Fourth, programs must recognize the importance of selecting an appropriate organizational structure and business model.* So much of what we teach is fixated

on philanthropy as a sole source of revenue, and that is simply not realistic in today's environment. Students need to emerge from graduate programs with a basic understanding of organizational design options, capitalization, pricing, and various business models that can be used to achieve social impact. *Fifth, students need to practice.* They need to be immersed in authentic learning experiences where there are opportunities for reflection, self-directed discovery, and peer learning.

### 1. Establishing Community Value

*We need to understand deeply the purposes for which nonprofits exist . . . what product or service we are offering to create a better world. That piece gets missed too often, as does the notion of really understanding the values and the purpose of what we are up to and the theory of change behind what we are designing our organizations to fulfill. And then, by the way, we can get to the mechanics.*

Deborah Frieze

Without exception, every person who was interviewed emphasized that in order to be a successful leader, program graduates must ensure that their nonprofit is what Allen Proctor describes as a “reliable provider of a service that fulfills a useful need in the community.” On its face, this work is dynamic. As communities and circumstances change, program delivery must shift as well. Deborah Frieze explained that in order to deliver on our public value promise, we “need to figure out what communities actually need as opposed to what the nonprofit sector has been pitching that they need.” This is not easy work. It requires people to challenge their worldview—to let go of what they think they know and discover new ways of seeing and interpreting what is happening. At

its best it requires constant iterations on practice and, every now and then, a complete deconstruction of what is in service of what could be.

For this, nonprofit leaders need to know the disciplines of self-reflective practice. “A nonprofit curriculum must immerse students in their own leadership, into themselves,” according to Katherine Tyler Scott. “They need to understand what is core and important to their own character and the values that guide them in their decision making.” These very values can either foster innovation and creativity or restrict and constrain thinking, but Frieze believes that this understanding of oneself is in service of understanding other voices and the facilitation of collective voice: “We need to really immerse ourselves into the community, not simply pass through as a voyeur.” And we must be able to state what is informing us, not as immutable truth but as our perspective, including the information we believe to be important. Phil Cass described this process through the lens of Theory U, a concept developed by Otto Scharmer, which explores the inner place from which leaders operate. According to the theory, leaders must identify the assumptions we have come to accept as reality and how those assumptions guide their thinking and participation. Tyler Scott went on to say that “this kind of work provides students with an opportunity to engage in reflective thinking and discernment: skills they will use for the rest of their lives. There will be no job that will not benefit from having this kind of skill.”

Perhaps one way to contextualize public value is to incorporate the associational history of the sector into the curriculum. As Tyler Scott noted, “Not many people have an understanding of the history of the sector. It's almost as if they just landed yesterday. People need to know the root of why it was

created, why it is important, and why it is important that it continue. They are our best advocates for the sector when they get out. History provides students with a richer context for the work they do. They are not starting over; they are part of a huge community of people, generations of people who have tried to make society better.” The more students know about the history, the more they can begin to think about their own worldview, says Tyler Scott. That is what they take with them from the academy into practice; it is what influences how they lead, how they serve, and how they decide. Tyler Scott believes we should encourage students to think critically about the meaning of their public-sector work and their roles and responsibilities in continuing the traditions that are going to create a better world.

This leads us to another important aspect of establishing community value: acting as a venue for creating a different future. This addresses different issues in different settings, but the methods for the establishment of commonly held vision are a critical and powerful knowledge and skills base, according to Gottlieb: “If we start by teaching how to create significant improvement in our community conditions—if we focus on ends first—it’s not negating teaching management, it’s just putting it in context. We focus on teaching the means *within* a focus on the ends. Organizations are just tools we use to create the communities we want. If we focus on the tool with no focus on the reason we have the tool, then we wind up with this finely crafted and well-maintained hammer that never builds a house.”

## 2. Understanding How Change Happens

*We tend to have a curriculum now that assumes people are going to graduate and go into a nonprofit*

*organization—and work within that organization using a very traditional [service-delivery] model that has not changed in twenty or thirty years. That’s not the future. That’s not where we see momentum and change and innovation happening. The knowledge and skills to leverage change are what people need to learn, and this is not in the nonprofit curriculum today.*

Mark Kramer

It is certainly true that not all nonprofit organizations are about change, yet for those people who are planning to lead organizations that *are* about social change, an understanding of how change happens—and how to develop the tools needed to make change happen—is essential. Frieze noted that in her experience, change does not happen from the top of the system but rather from deep within it—when people move forward to solve a problem. Gottlieb expanded on that idea, suggesting that change has to happen simultaneously top down and bottom up, and it has to happen across all aspects of the social change arena.

William Trueheart shared a compelling story of how change happened in the Pittsburgh public school system. In 2002, Trueheart was one of three foundation CEOs who elected to suspend funding to the local public school system in Pittsburgh, because the group lacked confidence in the school board’s ability to run the district. Although this was a bold move on the part of the funders, they realized that in order for real change to take place they were but one cog in a very complex wheel; without interest and support from a broad range of stakeholders, systemic issues would never be addressed. Early on they recognized the need for a political dimension to their work, yet there were no political entities at the table. They knew that in

order to create the kind of transformational change they were seeking, they needed to educate the broader community on the larger issues—not just that the schools were failing to deliver on their promises but also that there were underlying flaws in the system. This recognition led to a conversation with the mayor, who was then able to work with the foundation leaders to identify a team of thought leaders interested in addressing the systemic challenges. The Mayor’s Commission on Education was formed, and Trueheart served as cochair of the Commission.

The Commission, made up of representatives from community, business, civic, religious, and educational organizations, conducted an analysis of the school system. The findings released by the Commission almost one year later led to unprecedented mobilization of community-based advocacy groups exerting political pressure to elect a new school board, which eventually hired a new superintendent, who wound up closing a number of grossly underperforming schools that were costing the city millions of dollars. Moreover, the Commission worked with the new superintendent and the new school board to completely restructure the system. One such innovation was the creation of “Learning Academies,” in which the very best teachers were paired with the students who had the most significant needs. The results have been impressive.

Complex problems are by definition intricate. No single entity anywhere in the system has the requisite authority or control to impose solutions, and no single organization has the capacity to implement a solution. Addressing the complex social problems of today requires us to engage people involved with the issues in designing the solutions that will ultimately change

community conditions and perhaps fundamentally alter the way work is done. Moreover, future leaders need to understand that the impetus for change can emerge at any place in the system. Gone are the days where we only make social progress in America through the nonprofit sector; in the future, real social change will happen at the intersection of community, nonprofit, public, private, and philanthropic interests—and our future leaders need to navigate this territory.

### 3. Working Collaboratively

*Students don't understand how groups work . . . how systems work. There are many people who do not understand group dynamics. I am not talking about just doing a project and coming back to the classroom and reporting on it, but really looking at how groups work, the roles in a group, the things that impede, the things that enable, how you intervene when there is conflict, how you deal with lethargy . . . the things they will need to deal with for the rest of their lives.*

Katherine Tyler Scott

With all of the recent activity in this sector involving networking, collective impact, and boundary crossing—not to mention new, more reciprocal ways of managing staff and volunteers—future leaders must know how to create and manage partnerships. This was emphasized by Mark Kramer, as he reflected on how social change happens. York added that in order to foster social change, when leaders come to the collective table they need to recognize when to give up their individual autonomy—their identity as an organizational leader—and join in a collective agenda. This is not always an easy call.

Cass noted that true leaders

recognize that they cannot be the person with all the answers but rather should be the “facilitator of collective intelligence.” Future leaders must also recognize that in order to move forward in a genuinely participatory way, it is important to engage in real relationships with people, where there is a desire for mutual understanding and collective learning. Manipulative interactions, where one party is trying to understand another so that information can be used to force action, does not build the kind of trust that is essential for authentic participatory practice. Leverage is often created at the collective table.

### 4. Selecting an Appropriate Organizational Structure and Business Model

*One of the things that dismays me is that there is so much emphasis on fundraising, when the vast bulk of a business is running the business. Let's talk about the business, how it was set up. . . . Maybe it started as a completely grant-funded organization that did what was required in terms of infrastructure, management, skills. Maybe it started as an advocacy group doing education programs. What does that say about how the business is structured? Maybe it is a museum or a performing arts group, which requires a whole different way to structure the business. We never talk about that. We talk about nonprofits as a homogeneous thing, and they really aren't.*

Allen Proctor

There are a myriad of organizational designs in use in the nonprofit sector, and the menu is being expanded daily as technology provides more options useful to organization. The ability to think creatively about design options goes far beyond discussions about

hierarchy, ranges of traditional governance choices, and partnerships and mergers. Teaching through case studies about what design elements are necessary to support a high-engagement organization is both dynamic and exciting.

These organizational designs clearly must include an enterprise model, and that includes a clearly conceived revenue model. In an interview published by the *Nonprofit Quarterly* in 2008, Lester Salamon, Director of the Center for Civil Society Studies at The Johns Hopkins Institute for Policy Studies, noted that supplementing a focus on operating income with the need to attract investment capital was a “sleeper issue” for the sector. Salamon explained that unless nonprofits can find access to investment capital, they will be unable to respond to changing needs and increasing demands. I heard these very same sentiments from the people I interviewed. Interestingly, not only did the desire to provide students with a better understanding of the technical aspects related to capitalization, balance sheets, cash flow, liquidity, pricing, financial planning, earned income, and fundraising come up again and again in my recent conversations, those I interviewed also suggested that too little attention is focused on deciding the most effective way to structure the work so that social impact is achieved.

Sharing the story of Housing First's approach to chronic homelessness, Kramer talked about how real social impact can be achieved when the work and the business model are substantively aligned to address the problem at hand. Kramer explained that about 10 percent of the homeless population (the chronic homeless) consume about 80 percent of the resources, partly because the system has of late been largely set up to work with people and

families who are dealing with transient homelessness (people who are homeless for a brief period of time). Shelters, food banks, and emergency aid are tailored to this latter group of people; however, it is not uncommon to spend more than one million dollars per year on just one person who is chronically homeless, particularly if the individual has multiple disabilities or is moving regularly between the shelter, the emergency room, and prison. Kramer further explained that if the system were built to deal with chronic homelessness, some of these people would be provided with an apartment and a social worker, who would ensure that a full complement of services were provided to address the root causes of homelessness. He argued that the cost savings would be huge and the outcomes infinitely better.

Kramer's key point was that while it is true that we have a service model where many are working to help the homeless, for the more chronic segment of the population that service does not accurately or effectively address the need. It is imperative that future nonprofit leaders look closely not only at the need but also at how services are delivered. If we look closely at the specific needs of the chronically homeless, we can see that a different program/business model would enable us to save public money and meet needs more effectively. For Kramer and a number of others, a leadership role in a nonprofit is about solving a social problem, but it involves adjustments to service delivery as well as to business models.

### 5. Practicing in the Field

*As students spend time learning how to significantly improve community conditions, they will need opportunities to practice what they've learned. They will need opportunities to practice*

*ways of thinking and working that actually improve conditions.*

Hildy Gottlieb

While there is ample evidence to suggest that applied-learning experiences in the field provide students with a unique ability to apply the concepts they have learned in the classroom to real-world situations, several of the people I talked to had ideas about how faculty might provide similar learning experiences in the classroom. Proctor and Kramer talked about how cases could be used to lead students through complex decision-making scenarios. My understanding of their comments regarding cases is that they were not talking about the familiar "ethical dilemma" cases prevalent in the academy but rather cases that would challenge students to think critically about how best to achieve desired outcomes—cases that, as Margaret Wheatley and Frieze describe in *Walk Out Walk On: A Learning Journey into Communities Daring to Live the Future Now*, invite you "to examine your beliefs and assumptions about how change happens and what becomes possible when we fully engage our communities. The resources and wisdom we need are already there."<sup>2</sup>

### Final Thoughts

It seems to me that there may be a disconnect between the kind of learning we expect students to emerge with and what we teach. As Frieze reminds us, there are many different types of learning environments. Perhaps the academy might practice a little of what we preach and experiment with different models and assess the degree to which alternative educational models produce the kind of learning described in the preceding paragraphs.

As I thought about all I heard, I

continually returned to Frieze and Wheatley's description of a learning journey. What if nonprofit management education were an immersion in an "experience" rather than a course-based curriculum? I wonder if the way many programs teach nonprofit management might not be counter to what we are trying to accomplish. We ask students to be thoughtful and reflective so that they can create a future of greater possibilities, yet we put them through a technical, course-based process that focuses attention on the means.

If systems are to sustain themselves they must focus on their niche purpose and their context in order to adapt and continuously learn. It may be that some nonprofit management education is too focused—not on purpose but rather on the more dry and secondary methods to fulfill the purpose, and in an environment that is evolving quickly or even long gone. If this is true, it robs students of the sense of adventure we should all have when we dive in to help lead a social purpose organization, and it would be a disservice to the sector.

### NOTES

1. Otto Scharmer, *Theory U: Leading from the Future as It Emerges* (Cambridge, MA: Society for Organizational Learning, 2007), 1.
2. Margaret Wheatley and Deborah Frieze, *Walk Out Walk On: A Learning Journey into Communities Daring to Live the Future Now* (San Francisco: Berrett-Koehler Publishers, 2011), xvi.

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